

Federal Fund Accounting System in California

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ACCOUNTING for Federal public health funds in California was greatly simplified in 1951 when the California State Department of Public Health, the State Controller, and the State Department of Finance jointly sponsored legislation to streamline fund handling.

The new law provides, in general, that the California State Department of Public Health may pay all claims and charges for the program from State funds. The State is then reimbursed for the Federal share of the cost of the program or project by accounting transfers, quarterly, in lump sums, from the public health Federal fund, in which all Federal allocations are deposited. The California Health and Safety Code clearly indicates the procedures which may be followed:

117. The Public Health Federal Fund in the State Treasury is hereby created. All grants of money received by this State from the United States, the expenditure of which is administered through or under

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The California system and Tennessee's, described in the following paper, complete the presentation of simplified accounting methods used by the health departments of several States in handling Federal funds. The single operating account technique was discussed in the November 1953 issue of Public Health Reports, pp. 1071-1077, and the development of a simplified fund accounting system in Oklahoma was described in the January 1954 issue, pp. 51-57.

the direction of the State Department of Public Health, shall, on order of the State Controller, be deposited in the Public Health Federal Fund.

118. All money in the Public Health Federal Fund is hereby appropriated to the State Department of Public Health, without regard to fiscal years, for expenditure for the purposes for which the money deposited therein is made available by the United States for expenditure by the State.

119. The State Department of Public Health and the State Controller shall keep a record of the classes and sources of income deposited in, or transferred to, the Public Health Federal Fund, and of the disbursements and transfers therefrom.

120. The Director of Finance and the State Controller may approve any general plan whereby:

(a) Any expenditures which are a proper charge against the money made available by the United States and deposited in the Public Health Federal Fund may be paid in the first instance from any appropriation from the General Fund, expenditures from which are administered through or under the direction of the State Department of Public Health, and

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(c) The General Fund shall be reimbursed for expenditures made therefrom that are a proper charge against the Public Health Federal Fund or against any appropriation from any special fund. Such a general plan may provide for advance transfers from the Public Health Federal Fund to the General Fund, based on estimates of such expenditures that will be subject to reimbursement from the Public Health Federal Fund pursuant to such plan, and may provide for reimbursements to the Public Health Federal Fund, when necessary. Request for reimbursement or transfer pursuant to such a plan shall be furnished to the State Controller in writing by the State Department of Public Health, accompanied by such financial statements as the plan may provide; and on order of the State Controller, the required amount shall be transferred in accordance therewith.

This plan has greatly reduced the burden of accounting for that portion of the funds spent for State operations. A regular Federal budget is prepared at the beginning of the fiscal year. Allotment control cards are made, representing the total cost of each program or project, with a minus allotment card for each Federal fund which will share in the cost. The net total of these allotment cards balances to the total State appropriation, that is, the part of the

cost actually underwritten by State funds. A "reimbursement plan" is prepared showing the percentage of each project which is to be charged to each Federal fund. Federal funds, as received, are deposited with the State treasurer in the public health Federal fund.

Fiscal operations proceed exactly the same as though all costs were funded exclusively by the State. Quarterly, there is filed with the State controller a copy of the expenditure report, with the reimbursement plan percentages applied to the various projects. With this statement as the authorization, the State controller transfers the required amounts from the public health Federal fund to the State general fund. The transfer is always the amount reported on the Federal quarterly report, so in one operation the fund transfer and the Federal quarterly report are prepared.

Since in California there are substantial State appropriations for most public health programs, matching funds are no problem in establishing appropriate reimbursement percentages.

Federal funds allotted to local public health departments are handled somewhat differently. A contract is written between the State health department and each local health department, under which the local health department is reimbursed for a percentage of the funds expended for salaries and wages. Claims under these contracts are filed directly against the public health Federal fund, and are split on a prearranged plan between specific Federal grant categories on separate allotment expenditure cards.

The plan in use in California has saved countless hours of special claim handling, and separate fund accounting, and so far as can be determined, is flexible enough to provide for any foreseeable contingency. In addition the plan emphasizes the "one program" concept, since program directors need not be concerned as to whether the cost of the program is being funded by State or Federal money. Only in those few projects funded exclusively by Federal funds is this element a matter of concern, and then only from the standpoint of the future outlook.

Through this accounting mechanism State funding is provided for all operations during the early months of a fiscal year, so no problem is created by late Federal remittances.

A Decentralized System Of Health Department Accounting in Tennessee

By HUGH B. HALLIBURTON

A STREAMLINED, decentralized budget system, which is a sharp departure from the previous method of deficits and detailed fund accounting at central office level, has been in operation in the Tennessee Department of Public Health since 1937, when the Reorganization Bill (Chapter 33, Public Acts of Tennessee, 1937) was passed.

The basis of the system is the establishment by the State budget director of a general fund from which quarterly allotments, based on legislative appropriations, are made to departments and agencies, each of which establishes an allotment account. In addition to the State allotment, this account includes estimated available Federal, local, and other funds. At the end of each quarter, the allotment for expendable receipts is adjusted by the State director of accounts, to agree with the amount collected and/or transferred from the special deposit accounts (trust fund accounts), as determined by the department or agency.

The amount of funds to be transferred to the health department allotment account from the deposit account is determined by a percentage distribution, based on the department's operating budgets. It is not necessary, however, to allocate the funds by percentages. Under Tennessee law, rules, and regulations, any desired method may be used to distribute the costs between funds so long as all other State and Federal regulations for handling public funds are complied with.

The health department's computations are

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